United Nations DP/FPA/2008/12

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.: General
18 July 2008

Original: English

Second regular session 2008
8 to 12 September 2008, New York
Item 8 of the provisional agenda
UNFPA - Country programmes and related matters

UNITED NATIONS POPULATION FUND

Extensions of country programmes in the Arab States region

Note by the Executive Director

Summary

The present note contains information on the third one-year extension of the UNFPA country programme for Lebanon.

In accordance with established procedures, the Executive Director approves the first one-year extension of a country programme, while requests for extensions for a second or third year, or two-year extensions, are submitted to the Executive Board for approval.

The Executive Board may wish to approve the exceptional third-year extension of the country programme for Lebanon, as indicated in the attached table.

08-42956 (E) 240708

Extensions of UNFPA country programmes for which the approval of the Executive Board is sought

Country	Years covered by original country programme	Year covered by any extension already approved	Year(s) proposed for new extension	Extension	Explanation		
				Exceptional third year	United Nations harmonization	In-country political development	Other
Lebanon	2002-2006	2007-2008	2009	X	In line with harmonization, UNDP and UNICEF, in addition to UNFPA, are also seeking an additional one-year extension of their current country programmes in Lebanon. The new UNDAF will be prepared for the period 2010-2014.	Continuing tension and confrontations between the opposition and the Government led to armed clashes and an insecure situation in the capital city, Beirut, in May 2008, as well as in other areas of the country. While the prospect for a short-term political agreement is good, the situation has also highlighted the fragility and instability of the political environment. As a result, the UNDAF and the formulation of the new country programme could not be completed on schedule, and government approval and consultations were delayed. The United Nations country team, including the UNDG Executive Committee agencies, is therefore requesting an exceptional third-year extension of the current country programme.	Social and political tensions, along with the precarious security situation in effect since 2005, delayed the programming process in Lebanon. The current programme of assistance for Lebanon, with some minor modifications, provides an adequate framework for UNFPA-supported projects in Lebanon through 2009.

United Nations

DP/2008/54-
DP/FPA/2008/13

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.: General
21 July 2008

Original: English

Second regular session 2008
8-12 September 2008, New York
Item 9 of the provisional agenda
Follow-up to UNAIDS Programme Coordinating Board meeting

Report on the implementation of the decisions and recommendations of the Programme Coordinating Board of the Joint United Nations Programme on HIV/AIDS

I. Context

1. The Executive Boards of UNDP/UNFPA, the United Nations Children's Fund (UNICEF) and the World Food Programme (WFP) held a joint meeting on 6 June 2003 to address the recommendations of the first five-year evaluation of the Joint United Nations Programme on HIV/AIDS (UNAIDS), contained in document UNAIDS/PCB(13)/02.2. The joint meeting discussed the implications of the recommendations for UNDP, UNFPA, UNICEF and WFP, and addressed UNAIDS operational and governance issues. As a result, members of the Executive Boards agreed that follow-up to UNAIDS Programme Coordinating Board (PCB) meetings be placed as a regular item on their agendas.

2. The present report, presented jointly by UNDP and UNFPA, provides an update on implementation of decisions from the 21st and 22nd PCB meetings, held in December 2007 and April 2008, respectively. Key issues addressed during those meetings that were of particular relevance to UNDP and UNFPA included: advancing implementation of the recommendations of the Global Task Team on Improving AIDS Coordination among Multilateral Institutions and International Donors; intensifying action on gender and AIDS; strengthening partnerships with the Global Fund to Fight AIDS, Tuberculosis and Malaria; extending the UNAIDS Unified Budget and Workplan to a 4-year planning cycle; and preparations for the second 5-year independent evaluation of UNAIDS. In addition, the 22nd PCB meeting included thematic discussions on the links between HIV and tuberculosis, and endorsed a process and timeline for the nomination of the next Executive Director of UNAIDS by the end of 2008.

08-43140 (E) 110808

II. Monitoring the implementation of Global Task Team recommendations

3. In June 2005, the Global Task Team on Improving AIDS Coordination among Multilateral Institutions and International Donors (GTT) issued 10 key recommendations aimed at improving the institutional architecture of the AIDS response. The recommendations included calls for the adoption of a UNAIDS division of labour; establishment of joint United Nations teams on AIDS with joint programmes of support at the country level; formation of a global implementation support team; and the mainstreaming of AIDS into poverty reduction strategy papers. The GTT report was endorsed by the PCB in June 2005 and by the UNDP/UNFPA Executive Board in September 2005. Since that time, the UNAIDS cosponsors and secretariat have prioritized implementation of the recommendations, which have provided an important contribution to United Nations reform efforts.

4. The UNAIDS cosponsors and secretariat have also focused on responding to the findings of an independent assessment of progress in implementing the GTT recommendations that was presented to the PCB in June 2007. The assessment found that, while significant progress had been achieved in advancing the recommendations, there was a need to strengthen implementation in several areas, including by regularly reviewing the division of labour, strengthening participation in joint teams, and improving accountability mechanisms. In follow-up, UNAIDS has prepared indicators to monitor the response to the GTT independent assessment and operationalization of its recommendations.

UNAIDS division of labour

5. The establishment of the UNAIDS technical support division of labour in August 2005 was a major step forward in defining the distinct roles, responsibilities and comparative advantages of the UNAIDS cosponsors and secretariat. The division of labour has enabled UNAIDS, as a joint programme, to provide more coherent, effective support at the country level, and to reduce duplication of activities while responding to gaps in support. UNDP and UNFPA have focused on strengthening and streamlining support in their respective lead areas, which are integrated into the strategic plans, 2008-2011, of both UNDP and UNFPA. UNDP leads the UNAIDS response in addressing dimensions of AIDS relating to development planning, governance, human rights and gender, while UNFPA leads in the provision of information and education, condom programming, prevention for young people outside schools, and prevention efforts targeting vulnerable groups, including sex workers.

6. Over the past year, UNFPA chaired the Interagency Task Team on Young People through the development of a more detailed division of labour specific to young people, providing further clarity to enhance coordination in this important thematic area. UNFPA also chaired the Interagency Task Team on Comprehensive Condom Programming and the Reproductive Health Commodity Security Coalition, and co-convened two key areas of work within the Global Coalition on Women and AIDS: preventing HIV in young women and girls, and female-controlled prevention methods. With the UNAIDS secretariat, UNDP co-convened the UNAIDS Reference Group on HIV and Human Rights, and co-hosted an international consultation to address trends in the criminalization of HIV transmission. The Inter-Parliamentary Union, UNDP and the UNAIDS secretariat partnered to organize the first Global Parliamentary Meeting on AIDS, and launched a handbook for parliamentarians to support action on AIDS.

Joint United Nations teams and programmes of support on AIDS

7. United Nations country teams have established joint United Nations teams on AIDS in 89 countries, as recommended by the GTT and directed by the Secretary-General in December 2005. Fifty-six of those teams report having developed a joint programme for more effective support to countries. The structure of the joint team in Madagascar illustrates an example of joint programming in action, based on the UNAIDS division of labour. The Madagascar joint team includes four working groups, each coordinated by a lead organization: UNICEF and UNFPA in the area of prevention; UNDP for issues of stigma, gender and people living with HIV; the World Health Organization for care and treatment; and the UNAIDS secretariat for monitoring and evaluation. This collaboration is guided by defined roles, accountabilities and assessment mechanisms.

8. Following from the publication of the first United Nations Development Group guidance paper on establishing joint teams, UNAIDS recently issued a second document to support implementation of joint programmes. This subsequent guidance was designed to address some of the challenges that have been experienced by country teams in operationalizing joint programming. In addition, with support from UNDP, UNFPA, UNICEF and the World Bank, the UNAIDS secretariat has finalized a toolkit to facilitate and build capacity for effective functioning of teams and programmes. Joint teams and programmes on AIDS have helped to demonstrate the United Nations system 'working as one' to country partners, as well as to emphasize that joint, efficient action can reduce transactions costs and benefit all stakeholders. In several countries, experiences in establishing joint teams and programmes on AIDS have also become a reference for promoting joint programmes in other thematic areas. The level of commitment of the resident coordinator, organization representatives and government to the AIDS response continues to be an important factor in determining the performance of joint teams.

Global Implementation Support Team

9. The Global Implementation Support Team (GIST) was established in 2005 as a Unite Nations system-Global Fund problem-solving team to support country-level efforts to address implementation bottlenecks in large-scale AIDS grants. The partnership, which included the Global Fund, the UNAIDS secretariat, UNDP, UNFPA, UNICEF, WHO and the World Bank, was expanded in 2007 to include the Governments of the United States and Germany, as well as civil society and other non-governmental organization (NGO) partners. After requesting a review of the terms of reference of GIST, the PCB approved a revised mandate for the partnership, centred on coordinating technical support to address implementation bottlenecks, disseminating lessons learned, and identifying good practices.

10. The 21st PCB meeting requested that a follow-up review be presented to the PCB in December 2008 to evaluate the added value and efficacy of GIST. This year the GIST partnership supported the development of a database to coordinate technical support on AIDS, providing an important tool for mapping and monitoring technical assistance at the country level. GIST has also commissioned reports to define guiding principles for the provision of technical support in HIV responses, and to measure quality, access and effectiveness of technical assistance.

Mainstreaming of AIDS into poverty reduction strategy papers

11. As recommended by the GTT, UNDP is leading implementation of a joint programme with the World Bank and UNAIDS Secretariat that has built capacities in 25 countries for effectively integrating AIDS priorities into the formulation and implementation processes for poverty reduction strategy Papers (PRSPs) and national development plans. To ensure that AIDS responses are effectively linked to broader development efforts, programme activities are aimed at four key areas: (a) increasing the

participation of AIDS stakeholders in designing and implementing HIV responses within the PRSP; (b) providing evidence to guide PRSP formulation and implementation through poverty and HIV diagnostics; (c) taking account of HIV costing in macroeconomic, structural and sectoral policies; and (d) strengthening the monitoring and evaluation of HIV responses across relevant sectors.

12. The programme, which is implemented through regional trainings and country-level technical support, has enhanced understanding of the links between development, poverty and AIDS, and supported improved alignment of PRSPs, sector plans and national AIDS strategies. As a result, significant achievements have been realized. In Rwanda for example, advocacy and technical support resulted in the full integration of HIV across all 12 sectors of Rwanda's second poverty reduction strategy. In Ghana, development of mainstreaming guidelines for sectors and districts, together with the training of 33 Ministries and sector agencies, supported the integration of AIDS in sector and district plans and provision of budgetary allocations for HIV as part of the medium-term expenditure framework. In Tanzania, the programme has supported active participation of key stakeholders in the PRSP process, including through specific activities with civil society organizations, members of parliament, women and men living with HIV, young people, and the private sector, resulting in agreement on the criteria for the engagement of stakeholders in the PRSP mainstreaming process.

III. Intensifying action on gender and AIDS

13. In June 2007, the PCB requested finalization of guidance to respond to the critical gender dimensions of the AIDS epidemic. UNDP, working with the UNAIDS secretariat and the United Nations Development Fund for Women (UNIFEM), led the preparations for gender guidance in national AIDS responses, which was presented to the PCB in April 2008. The guidance was developed in close consultation with all the UNAIDS cosponsors, and a diverse range of stakeholders, including governments and civil society representatives. Focusing on supporting expanded and improved action on the intersecting issues of AIDS and gender inequality, the guidance outlines three key actions for country-level stakeholders: (a) 'know your epidemic' in gender terms; (b) implement focused efforts to address gender inequality in the context of AIDS, alongside increasing gender-sensitivity of all HIV policies and programmes; and (c) implement reciprocal capacity-building between HIV actors and gender actors at the country and community levels. The guidance document emphasizes that action on gender and AIDS should be evidence-informed and rooted in human rights principles.

14. The PCB took note of the draft gender guidance, requesting UNAIDS to assist countries in planning, programming and implementing interventions in the context of HIV that address (a) women, girls and gender inequality; and (b) diverse sexualities, including through the initiation of country pilots and other activities. In follow-up to the PCB decision, UNDP – with UNIFEM, the United Nations Educational, Scientific and Cultural Organization, UNFPA, WHO and the UNAIDS secretariat – is establishing an experts group to assist in designing and overseeing a gender and AIDS pilot process in four countries, as well as in developing the next generation of tools to support gender and AIDS responses. This four-country pilot process will focus on assisting countries in planning, programming and implementing interventions that address women, girls and gender inequality, while a parallel process will be initiated to address male sexuality.

15. In addition to these efforts, UNDP and UNFPA are prioritizing work to address gender-related vulnerability to HIV, as well as the impact of AIDS on women and girls. For example, UNFPA and UNDP, in collaboration with the UNAIDS secretariat, UNIFEM and

civil society partners, supported the Global Fund to Fight AIDS, Tuberculosis and Malaria to improve integration of gender equality and sexual and reproductive health issues in guidelines for the Global Fund Round 8 grant proposals. At the High-level Meeting on HIV/AIDS in June 2006, UNDP co-organized a side event on the 'Full Enjoyment of Human Rights by All' with the UNAIDS secretariat and the Foundation for AIDS Research. UNFPA led support for the High-level Meeting panel focusing on 'Making the Response to AIDS Work for Women and Girls', along with UNIFEM, the UNAIDS secretariat and UNDP. In addition, UNDP, UNFPA and UNIFEM convened a number of sessions at the International AIDS Conference in Mexico in August 2008, promoting good practices and drawing attention to the latest research results in addressing gender and AIDS.

16. UNFPA supports a multi-faceted approach to redressing deep-rooted gender imbalances, eliminating gender-based violence and child marriage, safeguarding women's rights, changing harmful traditional practices, delivering quality sexual and reproductive health services, and fostering socio-economic empowerment. In addition to several technical tools, country-level report cards on women and AIDS are now available for 23 countries. Advocacy guidance for HIV prevention among women and girls is slated for completion in 2008. At the end of 2007, while almost all offices reported action, 47 UNFPA country offices cited major efforts to expand partnership and build the capacities of networks involving women, young people, sex workers and people living with HIV.

17. In the Dominican Republic, UNFPA supported the incorporation of gender-based violence as one of the structural factors limiting HIV prevention and care among women. This included support for the creation of a multi-sectoral committee on the linkages between HIV and gender-based violence; advocacy with decision-makers and opinion leaders to incorporate gender-based violence into the health agenda; and support to Ministries, NGOs and groups of people living with HIV for the development of a national strategy to address linkages between HIV and gender-based violence. UNFPA strengthened efforts addressing migrant women crossing the border between the Dominican Republic and Haiti, including through a strategy developed to provide women with education on HIV prevention, gender-based violence prevention and human rights, and to improve health service delivery and coordination between border hospitals in both countries. HIV prevention actions among the uniformed services were also expanded. In Zambia, technical and financial support was provided for the development and finalization of the National Action Plan on Women and Girls and the development of a draft national gender-based violence action plan.

18. UNDP has expanded action on gender and human rights in responding to AIDS. It has supported the mainstreaming of gender priorities into national AIDS plans in several countries in West and Southern Africa, and has produced tools for integrating gender and AIDS into development programmes and sectors in Botswana and Zambia. A practitioners' guide on women and HIV has been developed for the Asia Pacific region, and large-scale initiatives to address links between HIV and the trafficking of women and girls have been implemented across Asia. In the Arab States, trainings have been conducted for women's institutions to increase their leadership capacities and enhance gender-sensitive action on AIDS. Economic empowerment initiatives to support women affected by AIDS are being implemented in South and East Asia, while in Latin America and Asia, programmes are also addressing male sexuality and HIV vulnerability. In 2007, UNDP and civil society partners convened the Asia Pacific Court on HIV, inheritance and property rights, providing high-profile advocacy for addressing gaps between progressive legislation and actual enforcement practices to protect rights to property and inheritance and empower women and girls.

19. To advance the UNDP gender equality strategy alongside the AIDS response, the HIV/AIDS and gender practices of UNDP are working to develop a global initiative on gender-based violence, as well as to advance research and advocacy to address unpaid care work and unequal property and inheritance rights for women and girls in the context of HIV. In addition, support to post-crisis countries has included attention to combating gender-based violence and expanding livelihood strategies for women and children.

IV. Strengthening partnerships with the Global Fund to Fight AIDS, Tuberculosis and Malaria

20. The response to AIDS and related institutional arrangements have evolved significantly since the signing of the first memorandum of understanding between UNAIDS and the Global Fund to Fight AIDS, Tuberculosis and Malaria in 2003. Taking this evolving context into account, in June 2007 the PCB requested UNAIDS to work with the Global Fund to revise their memorandum of understanding so as to update areas and modalities of cooperation. A revised memorandum of understanding was developed with the aim of strengthening support to national AIDS response. The memorandum, which is based on complementarity of roles between the Global Fund and UNAIDS secretariat and cosponsors, focuses on the core activity areas of strategic analysis and policy advice, technical support, and monitoring and evaluation.

21. The revised memorandum of understanding was approved by the PCB at its 22nd meeting and by the Global Fund Board at its 17th meeting, in April 2008. While the memorandum provides the umbrella framework for cooperation, the UNAIDS secretariat and relevant cosponsors will develop individual operational agreements with the Global Fund to advance operationalization of the memorandum. To strengthen collaboration further, the PCB agreed that its 23rd meeting, in December, 2008 would focus on partnerships between UNAIDS and the Global Fund.

22. Through its partnership with the Global Fund, UNDP has supported 36 countries intensively since 2003 to improve the management, implementation and oversight of Global Fund grants, and to strengthen the financial, procurement, and monitoring and evaluation capacities of national partners. In addition, intensive capacity-building support has been provided to principal recipients in 10 countries for strengthened Global Fund grant management and delivery, including assistance in such areas as grant administration, fund management, and procurement. Alongside building the capacity of local entities to take over and continue work initiated by UNDP, the organization has emphasized support to civil society organizations through trainings that increase their capacity to engage in the Global Fund proposal development and implementation processes. Those efforts have resulted in notable achievements in supporting national strategies for HIV prevention, treatment and impact mitigation. At the end of 2007, Global Fund grants managed by UNDP facilitated the provision of HIV, tuberculosis and malaria prevention services to over 9.3 million people, reached 1.5 million with HIV counselling and testing, and provided antiretroviral treatment for more than 100,000 people.

23. During the past two years, UNFPA has recruited and trained more than 120 national and international staff to support national partners in obtaining and implementing global financial resources, including Global Fund grants and other funding mechanisms. Working in support of the 'three ones' principle and committed to national ownership and national capacity development, these UNFPA country and subregional staff were assigned to government offices, national partners, and UNFPA country offices. They are members of joint United Nations teams and contribute to joint programmes of support on AIDS. UNFPA staff are working closely with the Global Fund and national partners to 'make the

money work' by organizing and participating in regional and global consultations on key issues, including gender and most-at-risk populations.

V. The extension of the UNAIDS unified budget and work plan to a 4 year planning cycle

24. The UNAIDS unified budget and work plan (UBW) is a unique instrument which unites in a single framework the AIDS activities of the 10 UNAIDS cosponsors and secretariat. In response to a PCB request for improving results-based management and accountability, the 2008-2009 UBW includes a performance monitoring and evaluation framework, which was approved by the PCB in December 2007. In April 2008, the PCB endorsed the extension of the UBW planning period from its current 2-year cycle to four years, while maintaining a 2-year budget cycle. The 4-year framework is expected to facilitate longer-term planning and more effective monitoring of results, while reducing the transaction costs associated with the biennial planning cycle.

25. As a result, the present UBW, 2008-2009, will be extended to 2011. UNDP and UNFPA, along with other cosponsors and the UNAIDS secretariat, are working to extend to 2011 the *strategic framework for UNAIDS support to country efforts to move towards universal access*, which formed the substantive basis for the development of the UBW, 2008-2009. The new 4-year UBW planning cycle and 2 year budget will align with the time frame for the UNDP and UNFPA strategic plans, 2008-2011, helping to ensure consistency in planning and the monitoring of results.

VI. Second 5-year evaluation of UNAIDS

26. In December 2007, the PCB agreed on the content, structure and scope of the second 5-year evaluation of UNAIDS, covering the period 2002 to 2008. That evaluation, which is under way, will focus on assessing the efficacy, effectiveness and outcomes of UNAIDS – including the UNAIDS secretariat and cosponsors and the PCB – at the global, regional and country levels. Among other areas, the evaluation will address the evolving role of UNAIDS within a changing global environment; the governance of UNAIDS; the roles and relationships of the secretariat and cosponsors; and the achievements of UNAIDS as a joint programme.

27. An oversight committee has been created to oversee the evaluation, with the UNFPA Global Coordinator on AIDS designated as the UNAIDS cosponsor liaison to the oversight committee. The draft report of the evaluation is expected to be presented to the PCB in June 2009, following a progress report in December 2008. In line with the focus of the UNAIDS evaluation, UNFPA is in the process of commissioning an evaluation of the effectiveness of strengthening its country offices in the area of HIV over the past 18-24 months. Capacity-building has focused on ensuring both adequate human resource and training. Results are expected towards the end of 2008.

VII. Maintaining the momentum towards universal access

28. The High-level Meeting on HIV/AIDS held in June 2008 provided an opportunity for governments, civil society, the United Nations system and other stakeholders to jointly assess progress in achieving the goals outlined in the 2001 Declaration of Commitment and the 2006 Political Declaration on HIV/AIDS. The United Nations Secretary-General's report for the meeting revealed that the commitment, efforts and investments of

governments and communities around the world are beginning to turn the tide of the AIDS epidemic in many contexts. However, enormous challenges remain, and the global community must continue to implement and scale up effective responses to HIV. Key priorities identified include the need to ensure access to HIV services for most-at-risk populations, such as drug users and sex workers; the need to eliminate mother-to-child transmission of HIV; and the importance of integrating HIV and tuberculosis services.

29. The High-level Meeting reaffirmed the centrality of leadership and political accountability, recognizing that the HIV epidemic is a public health and a development issue, requiring long-term planning and action. The meeting highlighted that an effective response to AIDS must have human rights and gender equality at its core, including women's rights to make informed decisions about their sexual health. Responses must also be based on the principle of 'knowing your epidemic', by emphasizing outreach to populations that are most at risk, with evidence-informed approaches guided by local HIV epidemiology. UNDP and UNFPA are committed to advancing these principles and priorities to accelerate efforts towards universal access to HIV prevention, treatment, care and support, and to contribute to the achievement of the Millennium Development Goals.

United Nations DP/FPA/2008/14

Executive Board of the
United Nations Development
Programme and of the
United Nations Population Fund

Distr.: General
7 August 2008

Original: English

Second regular session 2008
8 to 12 September 2008, New York
Item 10 of the provisional agenda
UNFPA – Internal audit and oversight

UNITED NATIONS POPULATION FUND

OVERSIGHT POLICY*

Report of the Executive Director

CONTENTS

Page

Introduction 2

Part One: ACCOUNTABILITY AND OVERSIGHT DEVELOPMENTS IN UNFPA 2

Part Two: UNFPA OVERSIGHT POLICY 4

Part Three: RECOMMENDATION 15

* The compilation of data requested to provide the Executive Board with the most current information has delayed the submission of the present report.

08-45440 (E)

Introduction

1. Pursuant to decisions 2007/29 and 2008/19 adopted by the Executive Board at the annual session 2007 and the first regular session 2008, respectively, and following extensive consultations with Member States, the Executive Director is pleased to submit the revised UNFPA oversight policy for consideration and approval by the Executive Board[1]. It should be noted that the UNFPA accountability framework (see DP/FPA/2007/20) was presented to the Executive Board at the second regular session 2007 (see also decision 2007/40).

2. The oversight policy aims to strengthen UNFPA accountability, risk management and assurance processes. While establishing basic principles, the policy also defines (as requested in decision 2007/29) the specific terms and concepts, including accountability and transparency, as well as modalities of disclosure and confidentiality in the management of the operational activities of UNFPA. The oversight policy describes the roles and responsibilities of the various parties and the resulting synergies that would enable UNFPA to enhance its oversight mechanisms.

3. In accordance with the guidance provided by the Executive Board, the Executive Director wishes to stress the close linkage between the Fund's oversight policy, the strategic plan, the accountability framework, the applicable administrative policies and procedures relating to oversight and personal accountability, and all measures taken to improve evaluation and measurement of results and impact, monitoring and transparency in reporting.

4. The UNFPA oversight policy has been developed taking into account General Assembly resolutions 62/208: Triennial comprehensive policy review of operational activities for development of the United Nations system; 60/1: 2005 World Summit Outcome; 61/245: Comprehensive review of governance and oversight within the United Nations and its funds, programmes and specialized agencies; and other pertinent decisions and resolutions regarding the strengthening of accountability and ethics in the United Nations system. The drafting of the oversight policy has also taken into account inputs and suggestions made during informal meetings of the Executive Board. In addition, the text proposed in the present document submitted to the Executive Board for approval is the result of numerous consultations with UNDP and UNOPS to harmonize, as much as possible, key definitions, disclosure procedures and the document format.

Part One

ACCOUNTABILITY AND OVERSIGHT DEVELOPMENTS IN UNFPA

5. The oversight function has traditionally been associated with legislative and financial accountability. The scope of oversight has over time been enlarged to address controls regarding aspects of risks, relevance, effectiveness, efficiency, and impact of operations. Oversight constitutes a set of activities in which internal and external bodies provide assurance to the Executive Director, the Executive Board and other concerned parties that there are reliable and cost-effective systems of internal controls ensuring that:

[1] The earlier document DP/FPA/2008/4 on the oversight policy was submitted to the Executive Board at the first regular session 2008.

- UNFPA activities are in accordance with its legislative mandate and the policies adopted by the General Assembly, the Economic and Social Council and the Executive Board (organizational accountability);
- The funds provided to UNFPA are fully accounted for and used in full compliance with programmes or project agreements (financial accountability);
- The activities are conducted in the most efficient and effective manner and programme overlaps, duplications and inefficient use of resources are avoided (operational accountability);
- Staff and other officials adhere to standards of professionalism and ethics (individual accountability).

6. Over the past several years, UNFPA has made significant progress in the areas of accountability, assurance, risk management, internal controls and fraud prevention. The new risk management approach to oversight was commended and supported by the Executive Board and the professional community. As part of this process, the quality assurance review of audit services was validated by the Institute of Internal Auditors (IIA).

7. An independent Audit Advisory Committee (AAC) was established by UNFPA in 2006 to provide independent technical advice to the Executive Director in fulfilling her responsibilities.

8. The introduction of a charter for the UNFPA Division for Oversight Services (DOS) has enabled greater accountability and better assurance at UNFPA. To strengthen risk management capacity, UNFPA adopted a risk-based oversight programme incorporating programme impact-related issues; introduced several computer-based audit techniques and technologies that allow greater standardization and harmonization of work practices; developed a fraud policy and a policy against retaliation for reporting wrongdoing; conducted fraud awareness and risk assessment training workshops at all levels; and provided tools and methodologies enabling country teams to undertake fraud risk assessments and identify risk mitigation actions.

9. As mentioned in the UNFPA accountability framework document (see DP/FPA/2007/20), UNFPA has recently implemented a balanced scorecard (a management and accountability tool that defines clear baselines and targets for programme and management outputs). To improve the ability to measure its performance in the management results framework outlined in the strategic plan, 2008-2011 (see DP/FPA/2007/17), UNFPA has used a results-based budgeting (RBB) methodology for the development of the support budget for the biennium, 2008-2009.

10. Also, as noted in the accountability framework document (DP/FPA/2007/20), UNFPA has instituted comprehensive control mechanisms covering the diverse areas of its operations with a range of detective and preventive control activities, including general controls and applications controls relating to UNFPA information systems. These controls are described in the UNFPA Financial Regulations and Rules and in the UNFPA Policies and Procedures Manual.

11. The UNFPA oversight policy presented below has been prepared with this background and scope in mind.

Part Two

UNFPA OVERSIGHT POLICY

I. DEFINITIONS

12. For the purpose of the UNFPA oversight policy, the following definitions will apply:

- **Assurance process** means an objective examination of evidence for the purpose of providing an independent assessment on risk management, control or governance processes for the organization. Reasonable assurance means an acceptable and satisfactory level of confidence under given considerations of costs, benefits and risks. The assurance process alone, even when performed with due professional care, does not guarantee that all significant risks will be identified.
- **Accountability** means the obligation to demonstrate that work has been conducted with agreed rules and standards and to report fairly and accurately on performance results vis-à-vis mandated roles and/or plans.
- **Business unit** means any operation or office, which is led by management. These units typically consist of field offices, regional and subregional offices and UNFPA headquarters' divisions, branches and offices.
- **Confidential information** means:

(a) Information received from or sent to third parties, under an expectation of confidentiality;

(b) Information whose disclosure is likely to endanger the safety or security of any individual, violate his or her rights or invade his or her privacy;

(c) Information whose disclosure is likely to endanger the security of Member States or prejudice the security or proper conduct of any operation or activity of the organization;

(d) Information covered by legal privilege or regulatory proceedings, or that subjects the organization to an undue risk of litigation, or is related to due process rights of individuals involved in internal audits and investigations;

(e) Internal inter-office or intra-office documents, including e-mails and draft documents;

(f) Commercial information, if disclosure would harm either the financial interests of the organization or those of other parties involved;

(g) Information which, if disclosed, in the organization's view would seriously undermine the policy dialogue with Member States or implementing partners;

(h) Other kinds of information, which because of their content or the circumstances of their creation or communication must be deemed confidential.

- **Control activities** mean those policies and procedures which are established and implemented to help ensure that the necessary internal controls are effectively carried out.
- **Independence** means the necessary conditions of integrity and freedom from interference in determining the scope, performing functions and communicating findings of internal audit, evaluation and investigation activities. Any independent individual involved in such activities should have an impartial, unbiased attitude and avoid conflict of interest.
- **Internal audit report (IAR)** means the final report resulting from an audit signed by the Director of the Division for Oversight Services and issued to the Executive Director and the auditees for their consideration and for the implementation of recommendations. The report is also provided to the United Nations Board of Auditors. Internal audit reports are confidential information for internal purposes only.
- **Internal control framework** means all the policies, procedures, monitoring and communication activities, standards of behaviour and other assurance activities to ensure orderly, ethical, economical, efficient and effective operations. It consists of five interrelated components: control environment; risk assessment; control activities; information and communications; and monitoring.
- **Internal control** means a process, effected by the Executive Board, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the categories of: (a) effectiveness and efficiency of operations; (b) reliability of financial reporting; and (c) compliance with applicable laws and regulations.
- **Management** means the persons who control, lead and direct UNFPA or who are delegated the authority to do so.
- **Oversight** means the general process of review, monitoring, evaluation, supervision, reporting and audit of the Fund's programmes, activities, policy implementation and results. This is to ensure organizational, financial, operational and ethical accountability, effectiveness of internal controls and prevention of fraud and malpractice.
- **Strict confidentiality** refers to information or material whose unauthorized disclosure could reasonably be expected to cause exceptionally grave damage to or impede the conduct of the work of UNFPA. This includes information or material deemed particularly sensitive relating to third parties or a country, government or administration, or that could compromise pending action and where such is likely to endanger the safety or security of any individual, violate his or her rights or invade his or her privacy.
- **Thematic evaluation** means an independent assessment of selected aspects or cross-cutting issues in different types of interventions that are crucial to UNFPA and its mandate.
- **Transparency** means a process by which reliable and timely information about existing conditions, decisions and actions relating to UNFPA activities is made accessible, visible and understandable to the Member States.

II. PURPOSE AND SCOPE

13. The purposes of the oversight policy are to ensure good governance, create the necessary environment of accountability and transparency in UNFPA, and ensure that the Fund's business operations are effectively carried out through continuous improvement.

14. The scope of the oversight policy is shaped by the following principles of good governance:

(a) The activities of the organization are fully in accordance with its legislative mandates;

(b) The funds provided to the organization are fully accounted for and in full compliance with project/programme agreements;

(c) The activities of the organization are conducted in the most efficient and effective manner, and duplications and inefficient use of resources are avoided;

(d) The staff and all other officials of the organization adhere to the highest standards of professionalism, integrity and ethics.

III. PRINCIPLES OF THE UNFPA OVERSIGHT POLICY

A. General principles

15. UNFPA execution of oversight functions includes three essential elements that are designed to work as a comprehensive system which provides reasonable assurance that UNFPA activities are efficient and effective:

(a) An accountability framework holding management responsible for the efficiency and effectiveness of UNFPA programmes;

(b) A comprehensive, rigorous and transparent assurance system;

(c) UNFPA business units' oversight processes, such as inspections, periodic on-site reviews, programmatic monitoring, surveys and audits that review and evaluate programmes and management systems, as well as the validity of the on-site assurance system.

16. Oversight activities are performed in accordance with the established professional standards as stipulated in the charter of the Division for Oversight Services. Professional standards continue to evolve in order to keep pace with the changing environment, and where appropriate, UNFPA will adhere to the evolving standards.

B. Delegation of authority

17. In accordance with the bulletin of the Secretary-General regarding the authority of the United Nations Population Fund in matters relating to human resources (ST/SGB/2004/10), the

Executive Director is accountable to the Secretary-General for the exercise of the authority delegated under this bulletin.

18. As set forth in the UNFPA Financial Regulations and Rules (Accountability, Regulation 3.1), the Executive Director is responsible and accountable for all phases and aspects of UNFPA financial activities. The Executive Director may further delegate authority to UNFPA personnel in accordance with Rule 103.1.

IV. ATTRIBUTES OF EFFECTIVE OVERSIGHT

19. The "tone at the top" regarding the expectations for orderly, ethical, economical, efficient and effective conduct from all UNFPA staff at all levels and at all times, set by the Executive Board and the UNFPA Executive Director, as part of the UNFPA management philosophy, operating style and organizational culture is the foundation for effective oversight. The present policy calls for zero tolerance for ethical misconduct.

A. Risk assessment and management

20. Management is responsible for continuously monitoring and reviewing changes in the environment; progress and constraints in achieving results; financial management and reporting; audit findings; and findings from major reviews and evaluations. This analysis should be summarized into a risk assessment, which will be annually updated to evaluate new information regarding the likelihood of the materialization of risks.

B. Continuous improvement and lessons learned

21. Oversight processes help to identify ways to make business processes more efficient and effective through improved performance, including in the context of coherence within the United Nations system as per General Assembly resolution 62/208.

C. Responsibility and accountability for results

22. All UNFPA personnel are held accountable for the achievement of defined results within their respective areas of work. Every entity to which UNFPA entrusts funds for the implementation of activities assumes responsibility for implementing these activities and achieving expected results by formally signing a contractual agreement. All such contractees are responsible for complying with the terms of their agreement and for providing adequate assurances that their contracts are implemented in an effective manner.

D. Single audit principle

23. As set forth in the Report of the Secretary-General (A/48/587) dated 10 November 1993, the United Nations Board of Auditors, the external auditors of UNFPA, is solely responsible for the conduct of audits of the Fund. The United Nations Board of Auditors retains the exclusive

right to carry out an external audit of the accounts and financial statements of UNFPA. If special reviews are required, the Executive Board, through UNFPA, should request the external auditors, to carry out specific examinations and issue separate reports on the results. The cost of such a special review will be borne by the requesting authority.

E. Financial disclosure

24. In accordance with General Assembly resolution 60/238: Human resources management, of 15 February 2006, and with the Staff Regulations 1.2 (m) and 1.2 (n), UNFPA staff members meeting the criteria for disclosure have an obligation to annually file the proper financial disclosure statement.

F. Transparency

25. Transparency and independence of the functions of the UNFPA Division for Oversight Services are assured by the ability of DOS to communicate with the Fund's governing bodies. Similarly, the transparency and independence of the functions of the Audit Advisory Committee are assured by the ability of the AAC to communicate with the Fund's governing bodies. Towards that end:

(a) The Director of the UNFPA Division for Oversight Services has free and unrestricted access to the Executive Board, the Audit Advisory Committee, the United Nations Board of Auditors and any other entity having any oversight or governing function in relation to UNFPA. The Director of DOS presents an annual report on internal audit and oversight activities transmitted through the Executive Director to the Executive Board. Management is responsible for ensuring that management responses are prepared for each specific internal and external audit recommendation. Management follows up on the status of the implementation on a regular basis. In addition, management systematically reviews and addresses generic issues that arise from audit findings using a risk-based approach;

(b) Management provides a management response to the annual internal audit and oversight activities report presented to the Executive Board. The management response includes an update on the implementation of internal audit recommendations. Also, an update on the implementation of external audit recommendation is provided by management annually to the Executive Board. Finally, through the annual report, the Executive Director reports on the progress made on the management-for-results framework of the UNFPA strategic plan and addresses key issues in this area;

(c) The chairperson of the Audit Advisory Committee has free and unrestricted access to the Executive Board, the United Nations Board of Auditors and any other entity having any oversight or governing function in relation to UNFPA. The Audit Advisory Committee shall submit a report on its work for the previous year to the Executive Director by 31 March each year. This report will be made available to the Executive Board at its annual session.

26. Notwithstanding the dispositions above, in exceptional circumstances, the Director of DOS may bring reports to the attention of the Executive Board, taking into account the standards and

code of ethics contained in the Professional Practices Framework of the Institute of Internal Auditors.

G. Resources required for effective organizational oversight

27. The annual report on internal audit and oversight presented by the Director of DOS to the Executive Board at the annual session of the Executive Board will include a section on resources available and required for the implementation of this policy. The Executive Board will assure availability of required resources for UNFPA to implement this policy.

V. OVERSIGHT ROLES AND RESPONSIBILITIES

28. The oversight roles and responsibilities encompass those related to assurance and accountability. Effective oversight results from the synergy between the respective roles and responsibilities of: Management; the Division for Oversight Services; the Audit Advisory Committee; the Ethics Office; the Executive Board of UNFPA; the United Nations Board of Auditors; and the United Nations Joint Inspection Unit.

29. A process of assurance is in place which examines and evaluates the adequacy and effectiveness of discharging these responsibilities, as follows:

(a) Internal audit, investigation and independent evaluation which examine and evaluate the adequacy and effectiveness of UNFPA processes, structure and controls, in order to provide reasonable assurance that these are functioning as intended;

(b) The Audit Advisory Committee which assists the Executive Director in fulfilling her oversight responsibilities;

(c) The United Nations Board of Auditors that has responsibility for undertaking independent audits of the Fund and certifying the financial statements.

A. Management

30. Management is responsible for the systems of governance, risk management, the internal control framework, the measurement of performance and the evaluation of results and impact. It is responsible for communicating results in a reliable, timely, accurate, open and transparent manner.

31. Management is also responsible for the implementation of the UNFPA accountability framework (as set forth in DP/FPA/2007/20) and of other applicable policies related to oversight activities. Management is accountable for exercising its oversight role in the particular areas of its responsibility. As part of its evaluation responsibilities, UNFPA management plans, organizes and directs the performance of sufficient actions to provide reliable information that goals, outcomes, outputs and results are achieved and have an impact on the intended beneficiaries.

B. Division for Oversight Services

32. The oversight roles and responsibilities of DOS, including the relevant professional standards applied to its functions are set forth in its charter approved by the UNFPA Executive Director. The oversight services provided by DOS cover internal auditing, fraud prevention and detection, investigation, thematic evaluations and advisory services. DOS reports on internal audit and oversight activities annually and on evaluation activities biennially to the Executive Board.

33. The scope of internal auditing includes the examination and evaluation of the adequacy and effectiveness of UNFPA governance processes, risk management processes, internal controls structure, and the quality of its performance in carrying out assigned responsibilities. These activities are carried out to provide reasonable assurance to the Executive Director, the Audit Advisory Committee and the Executive Board that these processes are functioning as intended to enable UNFPA to achieve its stated goals and objectives.

34. The scope of fraud prevention and detection includes the examination and evaluation of the adequacy and effectiveness of UNFPA internal controls to prevent and detect fraud. DOS conducts investigations into reports of violations of applicable regulations, rules and administrative or policy issuances, unless otherwise directed by the Executive Director and the Audit Advisory Committee in case of a conflict of interest. DOS investigations follow the procedures established for that purpose in the UNFPA policy on accountability, disciplinary measures and procedures (contained in the UNFPA Policies and Procedures Manual).

35. The scope of the evaluation function includes: (a) verifying that programme strategies are relevant to the real needs of the ultimate beneficiaries and that UNFPA programmes and projects include all required and appropriate indicators and methodologies for measuring performance and impact; (b) verifying the measurement of the performance and impact of programmes and projects; (c) ascertaining compliance of programmes or projects with the UNFPA strategic plan; (d) reviewing the available expertise and capacity in UNFPA and amongst counterparts to manage for results and further develop capacity to do so; and (e) commissioning or performing thematic evaluations.

C. Ethics office

36. The Ethics Officer is appointed by and reports to the Executive Director of UNFPA. The Ethics Officer provides the Executive Director with an annual report on his/her work. The Executive Director will forward a summary of this report to the Executive Board. Specific efforts will be pursued in support of one United Nations code of ethics and for coherence of ethics standards and policies.

37. The Ethics Officer has the following functions:

(a) Formulating, reviewing and disseminating policies, and providing guidance related to ethical issues in accordance with the common standards of conduct prescribed for all United Nations staff members;

(b) Providing guidance to management to ensure that the organization's policies, procedures and practices reinforce and promote the ethical standards called for under the United Nations Charter;

(c) Raising staff awareness within UNFPA on expected ethical standards and behaviour, within the context of the organizational oversight as well as human resources development policies, strategies and programmes;

(d) Providing staff with confidential advice regarding ethical behaviour and standards;

(e) Receiving and reviewing, in accordance with the protection policy against retaliation of UNFPA, complaints of retaliation and referring cases to the respective competent and authorized units of UNFPA for further investigation when deemed necessary;

(f) Taking the responsibility for the strategic development and implementation of the financial disclosure programme;

(g) Advocating and promoting ethics within UNFPA and coordinating with relevant units as appropriate, as well as the United Nations Secretariat Ethics Office; and participating in relevant inter-agency fora and facilitating where practical harmonized approaches with other United Nations bodies. In particular, the Ethics Officer represents UNFPA at the United Nations Ethics Committee chaired by the Director, United Nations Ethics Office, pursuant to ST/SGB/2007/11.

D. Audit Advisory Committee

38. An independent Audit Advisory Committee composed of five members was established in 2006 by the UNFPA Executive Director to further enhance accountability and transparency within the organization. Appointed by the Executive Director, the five members of the Audit Advisory Committee assist her/him in fulfilling the Executive Director's responsibilities for financial management and reporting, external audit matters, risk management, the systems of internal control and accountability, and the oversight process. The oversight roles and responsibility of the Audit Advisory Committee are set down in its terms of reference approved by the Executive Director. As set forth above in paragraph 25 (c), the Audit Advisory Committee shall submit a report on its work for the previous year to the Executive Director by 31 March each year. This report will be made available to the Executive Board at its annual session.

E. Executive Board of UNFPA

39. The oversight roles and responsibility of the Executive Board of UNFPA are established by General Assembly resolutions 48/162 (1993) and 49/128 (1995).

40. The functions of the Executive Board as delineated in General Assembly resolution 48/162 are:

(a) To implement the policies formulated by the General Assembly and the coordination and guidance received from the Economic and Social Council;

(b) To receive information from and give guidance to the Executive Director of UNFPA on the work of the organization;

(c) To ensure that the activities and operational strategies of UNFPA are consistent with the overall policy guidance set forth by the General Assembly and the Economic and Social Council, in accordance with their respective responsibility as set out in the Charter of the United Nations;

(d) To monitor the performance of the Fund;

(e) To approve programmes, including country programmes, as appropriate;

(f) To decide on administrative and financial plans and budgets;

(g) To recommend new initiatives to the Economic and Social Council, and through the Council, to the General Assembly as necessary;

(h) To encourage and examine new initiatives;

(i) To submit annual reports to the Economic and Social Council at its substantive session, which could include recommendations, where appropriate, for improvement of field-level coordination.

F. United Nations Board of Auditors

41. The oversight roles and responsibility of the United Nations Board of Auditors are set forth in General Assembly resolution 74 (1) of 7 December 1946 and in the rules and procedures adopted at the 49th Regular Session of the Board on 30 June – 1 July 2005, and amended at the 35th Special Session on 7 December 2005. The United Nations Board of Auditors mandate and scope are further defined in Article VII and in the annex of the regulations and rules of the United Nations that apply mutatis mutandis to UNFPA as set forth in UNFPA Financial Regulation 17.1. The United Nations Board of Auditors assesses the work of the internal audit function in order to rely on its work and also conducts management audits to corroborate the findings of internal auditors. As set forth in its terms of reference, the Audit Advisory Committee has direct and independent access to the United Nations Board of Auditors.

G. Joint Inspection Unit

42. The oversight roles and responsibility of the Joint Inspection Unit (JIU) are set forth in General Assembly resolutions 2150 (XXI) of 4 November 1966 and 2360 (XXII) of 19 December 1967 and extended thereafter under General Assembly resolutions 2735 (XXV) A of 17 December 1970 and 2924 (XXVII) B of 24 November 1972. By its resolution 31/192 of 22 December 1976, the General Assembly decided to establish the Joint Inspection Unit as a standing subsidiary organ and approved the statute of the unit, with effect from 1 January 1978. In its resolution 60/258, the General Assembly has reaffirmed the role of the unit as the only independent external oversight body of the United Nations system mandated to conduct evaluations, inspections and investigations system-wide. The Executive Director of UNFPA and the UNDP Administrator present a joint annual report to the Executive Board on the follow-up and the implementation by their respective organizations of the JIU recommendations.

VI. PROCEDURES FOR DISCLOSURE OF INTERNAL AUDIT REPORTS

43. In accordance with the conclusion of the United Nations System Chief Executives Board for Coordination (CEB) at its 2007 second regular session, internal audit reports may be disclosed to Member States, "respecting the management prerogatives of executive heads and subject to conditions and criteria to be defined within the context of an organization policy that should not be applied retroactively" (CEB/2007/2 paragraph 50). The CEB also encouraged organizations already in a position to consult their governing bodies on the matter to do so. The following procedures should be adhered to in connection with requests to view internal audit reports by Member States in the context of their oversight responsibility.

44. The disclosure of internal audit reports is undertaken on the understanding of mutual accountability between Member States regarding the compliance with the procedures stated in the provisions below, unless in the view of UNFPA it would seriously undermine the policy dialogue with Member States or implementing partners. These procedures will not be applied retroactively to those reports issued prior to the decision by the Executive Board on the oversight policy:

(a) Notwithstanding their confidentiality as provided for in section "I. DEFINITIONS" of the present policy, internal audit reports may be made available for consultation only in the Office of the Director of the UNFPA Division for Oversight Services for Member States after notification by the Executive Director to the Executive Board. This exception applies when a Member State has received allegations or information indicating that the integrity or the reputation of the audited operation or of the organization could be seriously compromised.

(b) The request from a Member State should be addressed in writing to the Executive Director. It should state its purpose and include a signed confidentiality commitment and undertaking.

(c) Requests from Member States will only apply to internal audit reports finalized and issued by the Division for Oversight Services after the approval of the present policy. No copies of the internal audit report or any part thereof, irrespective of the utilized media, process or means shall be made during the consultation.

(d) The Executive Director will immediately inform the Executive Board of such a request and, if the internal audit report contains findings related to a specific Member State, she/he will immediately inform the Government concerned.

(e) Internal audit reports are made available for viewing on a voluntary basis and without prejudice to the privileges and immunities of the United Nations including its subsidiary organs.

(f) When access to a report would be inappropriate for reasons of strict confidentiality, the report may be modified, or withheld in extraordinary circumstances, at the discretion of the Director of the Division for Oversight Services.

(g) Information disclosed shall be kept confidential by the requesting party. Queries regarding the internal audit report will be directed to the Director of the Division for Oversight Services.

45. The procedures for the disclosure of internal reports will be reviewed periodically.

VII. AMENDMENT OF THE POLICY

46. The Executive Director is responsible for applying this oversight policy and for recommending amendments, as necessary. Any amendment to the present policy will be subject to the decision of the Executive Board. This policy forms part of the UNFPA Policies and Procedures.

Part Three

RECOMMENDATION

47. The Executive Board may wish to take note of the present report (DP/FPA/2008/14) and approve the UNFPA oversight policy contained therein.

*****

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.: General
28 July 2008

Original: English

Second regular session 2008
8 to 12 September 2008, New York
Item 7 of the provisional agenda
UNFPA – Financial, budgetary and administrative matters

UNITED NATIONS POPULATION FUND

REVISION OF FINANCIAL REGULATIONS

Report of the Executive Director

1. The Executive Director hereby submits to the Executive Board for its approval, a revision to the existing Financial Regulation 14.5 related to ex gratia payments. An ex gratia payment, as defined under UNFPA Financial Regulations, is a payment made where there is no legal liability but the moral obligation is such as to make payment desirable in the interest of UNFPA.

2. UNFPA Financial Regulation 14.5 reads: "The Executive Director, may make such ex gratia payments not exceeding $25,000 as he/she deems to be necessary in the interest of UNFPA, provided that a statement of such payments shall be submitted to the General Assembly and the Executive Board with the accounts." This regulation was adopted by the Governing Council in decision 83/17 of 24 June 1983 and has not been changed since then.

3. However, in the aftermath of the bombing of the United Nations office in Algiers, it has become evident that under certain circumstances, ex gratia payments may need to exceed the limit currently set in the Financial Regulation 14.5. Therefore, UNFPA considers it important to be able to respond appropriately and in a timely manner in the future.

4. During the period 2005-2007, UNFPA made "ex-gratia payments" to two staff members for a total amount of $24,889. UNFPA does not expect the revision to the regulation to result in any significant impact for the Fund given the low number of payments which UNFPA has had to address to date. Furthermore, it should be underscored that with this change in its Financial Regulations and Rules, UNFPA is harmonizing its approach with those of the other United Nations funds and programmes, including UNDP.

08-44230 (E) 290708

5. It should be further noted that while UNDP and UNFPA Financial Regulations currently contain a financial limitation on ex gratia payments, the United Nations Secretariat, UNICEF and WFP Financial Regulations do not contain any financial limitation. Also, UNDP is in the process of revising its relevant Financial Regulation to remove any financial limit. UNFPA is similarly harmonizing its regulation through the proposed amendment.

6. The proposed amended text of UNFPA Financial Regulation 14.5 is as follows: "Regulation 14.5: The Executive Director may make such ex gratia payments ~~not exceeding $25,000~~ as he/she deems to be necessary in the interest of UNFPA, provided that a statement of such payments shall be submitted to the General Assembly and the Executive Board with the accounts."

7. Following the approval of the Executive Board of the above-mentioned revision to Financial Regulation 14.5, UNFPA would make the necessary amendment in the corresponding Financial Rule 114.9, which currently reads:

> (a) Before approving an ex gratia payment, the Executive Director shall first ascertain that there is no legal liability on the part of UNFPA. For this purpose he/she shall refer the details of the case under consideration to the United Nations Office of Legal Affairs with a request for an opinion as to whether or not any legal liability exists. Following receipt of the opinion of the Legal Office that no legal liability exists, the Executive Director may approve an ex gratia payment if he/she is satisfied, after an examination of all relevant facts in the case, that the moral obligation to make such payment is such as to make payment desirable in the interest of UNFPA.
>
> (b) The amount of the ex gratia payment shall be established on the basis of standards set by the Executive Director, but shall not exceed the maximum amount provided in Regulation 14.5

8. The following is the proposed amended text for Financial Rule 114.9, which would be in full harmonization with UNDP: "Ex gratia payments may be made in cases where in the opinion of the United Nations Population Fund Legal Officer there is no clear legal liability on the part of the United Nations Population Fund and where such payments are in the interest of the United Nations Population Fund."

Recommendation

9. **The Executive Board may wish to take note of the present report (DP/FPA/2008/15) and approve the revision to Financial Regulation 14.5 contained therein and take note of the corresponding amendment to Financial Rule 114.9.**

United Nations DP/FPA/2008/16

Executive Board of the
United Nations Development
Programme and of the
United Nations Population Fund

Distr.: General
5 September 2008

Original: English

Second regular session 2008
8 to 12 September 2008, New York
Item 7 of the provisional agenda
UNFPA – Financial, Budgetary and Administrative Matters

UNITED NATIONS POPULATION FUND

REVISION OF FINANCIAL REGULATIONS

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Executive Director of the United Nations Population Fund (UNFPA) on the revision of Financial Regulations (DP/FPA/2008/15 and Corr. 1). During its consideration of the report, the Advisory Committee met with representatives of UNFPA, who provided additional information and clarification.

2. In her report, the Executive Director proposes to revise the existing financial regulation 14.5 related to ex-gratia payments. Regulation 14.5, which was adopted by the Governing Council in 1983, allows the Executive Director to make ex-gratia payments not exceeding $25,000, as he/she deems necessary in the interest of UNFPA (DP/FPA/2008/15, para. 2). The Advisory Committee was informed that this ceiling has been interpreted to indicate the total amount that can be paid in a single year.

3. The Committee notes that one such payment of $10,000 was made during the period 2005-2007 to one staff member (DP/FPA/2008/15/Corr.1). However, in the aftermath of the bombing of the United Nations office in Algiers, it became evident that, under certain circumstances, it may be necessary to exceed the limit set in financial regulation 14.5 for ex-gratia payments, in order to provide the ability to respond in a more timely and appropriate manner. The Committee was informed that, on the basis of the Secretary-General's recommendation, the United Nations Population Fund (UNFPA) and other agencies followed a common harmonized approach towards their staff members who were affected by the bombing.

08-49908 (E) 050908

2008. These payments will be reflected in the financial statements for the period 2008-2009 and disclosed in the Board of Auditors' report to the General Assembly.

4. The Executive Director's amendment to financial regulation 14.5 therefore proposes to remove the $25,000 financial limit (see DP/FPA/2008/15, para. 6). The Committee notes that no such financial limit on ex-gratia payments is contained in the Financial Regulations and Rules of the United Nations, the United Nations Children's Fund or the United Nations World Food Programme. A similar amendment has been proposed to the United Nations Development Programme (UNDP) Financial Regulations (see DP/2008/42). The Committee also notes that, following approval by the Executive Board of the revision to financial regulation 14.5, UNFPA would amend the corresponding financial rule 114.9 by providing for referral of cases to the "United Nations Population Fund Legal Officer" for opinion as to legal liability, rather than to the "United Nations Office of Legal Affairs" as the rule currently reads (ibid, paras. 7-8). Upon enquiry, the Committee was informed that there was an internal process to determine whether a case constituted a moral obligation of the Fund. The Committee emphasizes that this process should be as expeditious as possible.

5. The Advisory Committee does not object to the revision of the Financial Regulations and Rules as proposed by the Executive Director in her report which, as indicated in paragraph 3 above, would provide UNFPA the ability to respond in a timely and appropriate manner to such crises in future and harmonize UNFPA's approach with that of the United Nations and other funds and programmes, including UNDP. Upon enquiry, the Committee was informed that the UNFPA Legal Support Office consults regularly with the United Nations Office of Legal Affairs as well as other agencies, funds and programmes of the system. The Advisory Committee recalls, inter alia, paragraph 16 of its report on the amendment of the UNDP Financial Regulations regarding ex-gratia payments (DP/2008/42) and emphasizes once again the role of the Office of Legal Affairs as the central legal service of the United Nations.